

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 IO-15 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 OMB-01 DRC-01 /204 W
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P R 261910Z SEP 73

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC PRIORITY 8898

USMISSION USUN NEW YORK PRIORITY

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY BRUSSELS

USMISSION GENEVA

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 1437

GENEVA FOR SUGAR DELEGATION

E.O. 11652: GDS

TAGS: ETRD EAGR XL

SUBJECT: GOG FORMALLY EXPRESSES ALARM AND CONCERN OVER PROPOSED
REDUCTION IN WISA SUGAR QUOTA FOR 1974

REF: GEORGETOWN 1432

SUMMARY: I WAS SUMMONED BY ACTG PRIME MINISTER THIS MORNING
TO RECEIVE STRONG DEMARCHE ON PROPOSED REDUCTION IN WEST
INDIES' SUGAR QUOTA. GAVE HIM LITTLE ENCOURAGEMENT THAT
ANYTHING COULD BE DONE IN VIEW APPARENT MANDATORY NATURE
OF SUGAR ACT OF 1948 AS AMENDED, BUT PROMISED FORWARD GOG'S
OFFICIAL EXPRESSIONS OF ALARM AND CONCERN. EMB HOPES SOME
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WAY CAN BE FOUND TO AVOID DISASTROUS EFFECTS PROPOSED ACTION

WOULD HAVE ON LOCAL INDUSTRY, COUNTRY'S ECONOMY AND OUR OVERALL POLITICAL RELATIONS. END SUMMARY.

1. AS ANTICIPATED REFTTEL, ACTG PRIME MINISTER DR. PTOLEMY REID CALLED ME IN THIS MORNING TO EXPRESS "GREAT ALARM AND CONCERN" OF GOG AS RESULT PROPOSED DRASTIC REDUCTION WEST INDIAN SUGAR QUOTA FOR 1974 FROM 1973 FIGURE OF 220,000 TO 26,000 SHORT TONS. SAID MOST OF YESTERDAY'S CABINET MEETING DEVOTED TO SUBJECT, WITH UNANIMOUS EXPRESSIONS OF DISMAY AND DISTRESS, AND HE INSTRUCTED MAKE DEMARCHE TO USG FOR RECONSIDERATION IN MOST SERIOUS AND VIGOROUS TERMS. SAID COULD NOT OVEREMPHASIZE ADVERSE IMPACT OF PROPOSED REDUCTION ON ALL OF WEST INDIES, BUT ESPECIALLY ON GUYANA WHICH HAS BEEN FILLING MAJOR PORTION OF WISA QUOTA IN RECENT YEARS. WHILE PRODUCTION AND REVENUE IMPORTANT TO GOG, PRINCIPLE CONCERN IS EFFECT ON EMPLOYMENT IN SUGAR INDUSTRY. UNEMPLOYMENT IS MAJOR PROBLEM HERE, AND ANY MOVES WHICH MIGHT AGGRAVATE IT INTOLERABLE. SEEMED GROSSLY UNFAIR AND NOASIN KEEPING AMERICAN TRADITIONS AND EXPRESSIONS OF CONCERN WITH WELFARE OF PEOPLE OF THIS AREA TO PENALIZE THESE COUNTRIES SO SEVERELY FOR EFFECTS OF ADVERSE WEATHER CONDITIONS OVER WHICH THEY HAD NO CONTROL. SUCROSE CONTENT OF CANE WAY DOWN (HE SAID 17 TONS FOR ONE OF SUGAR) AND NO PROSPECTS WHATSOEVER OF INCREASING SHIPMENTS TO US IN BALANCE 1973. MADE SPECIAL PLEA FOR UNDERSTANDING ON PART USG OF NECESSITY OF WISA'S DECISION MEET UK COMMITMENTS AS ESSENTIAL PART OF STRATEGY TO PRESERVE ACCESS TO THAT MARKET AFTER UK'S INTEGRATION INTO EEC, EMPHASIZING THAT WEST INDIES HAD NOT SHIPPED TO THIRD COUNTRY IN ORDER TO "PROFITEER." ON THE CONTRARY, HAD SOLD AT PRICE BELOW US PRICE IN EFFORT PROTECT ENTIRE FUTURE OF INDUSTRY WHICH THREATENED WITH DISASTER.

2. I HAD BEEN FORWARDED THAT ACTG PM WOULD TAKE EXTREMELY HARD LINE AND TERM PROPOSED REDUCTION A "HOSTILE ACT." CONSEQUENTLY, I MADE EFFORT FROM VERY START GET ACCROSS TO HIM SENSE OF USG'S AND MY OWN CONCERN AND UNDERSTANDING. I WENT ARMED WITH COPY OF LAW AND NOTES ON ASST SEC KUBISCH'S MEETING WITH FOUR CARIBBEAN AMBASSADORS LAST WEEK, ASSERTING THAT BECAUSE OF THAT MEETING I HAD ASSUMED CONFIDENTIAL

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HE WANTED TO TALK ABOUT SUGAR. HE RESPONDED WELL, WAS FRIENDLY AND LIMITED HIMSELF TO OBSERVATION THAT REDUCTION IN QUOTA OF MAGNITUDE PROPOSED "WOULD BE INTERPRETED AS UNFRIENDLY ACT." I ASSURED HIM IT WOULD NOT BE, FOLLOWING GENERAL LINE OF SYMPATHY AND UNDERSTANDING TAKEN BY ASST SEC KUBISCH.

3. SINCE I ALSO HAD BEEN FOREWARNED THAT DR. REID WOULD

PROPOSE THAT HE ISSUE A STATEMENT TO PRESS REGARDING OUR MEETING, I.E. INDICATING WHAT USG PROPOSED DO TO GUYANA'S SUGAR INDUSTRY AND FIRMNESS OF GOG REACTION, I SUGGESTED THAT WE DEAL WITH MATTER QUIETLY FOR TIME BEING TO ALLOW MR. KUBISCH TIME TO EXAMINE SITUATION IN LIGHT OF DEMARCHE MADE BY AMBASSADORS AND TO DISCUSS MATTER FURTHER WITH OTHER APPROPRIATE OFFICES WITHIN THE USG. I SAID I COULD NOT IN ALL HONESTY HOLD OUT MUCH HOPE IN VIEW OF APPARENT NON-DISCRETIONARY PROVISIONS OF US LAW, BUT WOULD FORWARD GOG'S FORMAL EXPRESSION OF CONCERN TO WASHINGTON IMMEDIATELY. HE SEEMED TO ACCEPT THIS AND DID NOT RAISE QUESTION OF PRESS STATEMENT. (THIS DOES NOT RULE OUT POSSIBILITY ONE MAY BE ISSUED NEVERTHELESS, OF COURSE.)

4. COMMENT: WE CAN ONLY EXPRESS SINCEREST HOPE THAT ASST SEC KUBISCH WILL BE SUCCESSFUL IN PROMISED REEXAMINATION OF PROBLEM. DESPITE SHORT TERM PROSPECTS FOR FAVORABLE PRICES ON WORLD MARKET, LOSS OF US QUOTA AND GUARANTEE OF STABILITY IT BRINGS, WHICH ESSENTIAL TO PLANNING AND CONTEMPLATED EXPANSION, WOULD BE DISASTROUS FOR INDUSTRY AND ENTIRE ECONOMY OF COUNTRY. CANNOT BELIEVE USG WISHES TO UNDERMINE WEST INDIAN ECONOMIES TO THIS EXTENT OR TO DESTROY AREA AS SOURCE OF SUPPLY AND TRUST MAXIMUM EFFORTS WILL BE MADE GET AROUND TECHNICALITIES OF LAW, ESPECIALLY AS THESE SEEM TO HAVE BEEN DESIGNED PREVENT "PROFITEERING" BY SUPPLIERS IN PERIODS WHEN WORLD PRICE HIGHER THAN US PRICE. PROPOSED REDUCTION WOULD ALSO HAVE MAJOR ADVERSE EFFECTS ON OUR POLITICAL RELATIONS WITH AREA SINCE INEVITABLY WOULD BE INTERPRETED AND PLAYED AS PUNITIVE MEASURE REFLECTING USG DISPLEASURE AT INDEPENDENCE THESE COUNTRIES NOW DISPLAYING ,E.G. IN NON-ALIGNMENT AND ALL IT ENTAILS. KING

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